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Hearing Date and Time: February 14, 2019 at 10:00 a.m.

and

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)
) Chapter 11
)
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,) Case No. 18-23538 (RDD)
)
Debtors.) (Jointly Administered)
)

**DECLARATION OF SHERRY R. WARD IN SUPPORT MOTION OF CERTAIN
UTILITY COMPANIES TO DETERMINE ADEQUATE ASSURANCE OF PAYMENT
PURSUANT TO SECTION 366(c) OF THE BANKRUPTCY CODE**

[Docket No. 1395]

I, Sherry R. Ward, declare as follows:

1. I am a Customer Credit Representative for Virginia Electric and Power Company, d/b/a Dominion Energy Virginia ("DEV") and I have been in that position for 14 years and with

DEV for 19 years. In my current position with DEV, I assist in the credit and bankruptcy operations.

2. Except as otherwise stated, all facts contained within this Declaration are based upon personal knowledge, my review of DEV's business documents, correspondence and relevant documents, or my opinion based upon my experience concerning the operations of DEV. If called upon to testify, I would testify to the facts set forth in this Declaration.

3. On behalf of DEV, I submit this Declaration in support of the *Motion of Certain Utility Companies To Determine Adequate Assurance of Future Payment Motion* (the "Motion") (Docket No. 1395).

4. In making this Declaration, I am familiar with the contents of the Motion (Docket No. 1395), *Motion of Debtors Requesting Entry of an Order (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment To Utility Providers, (II) Establishing Procedures For Determining Adequate Assurance of Payment For Future Utility Services, and (III) Prohibiting Utility Providers From Altering, Refusing, or Discontinuing Utility Service* (the "Utility Motion")(Docket No. 196), and the *Order (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment To Utility Providers, (II) Establishing Procedures For Determining Adequate Assurance of Payment For Future Utility Services, and (III) Prohibiting Utility Providers From Altering, Refusing, or Discontinuing Utility Service* (the "Utility Order")(Docket No. 461).

5. It is part of my job responsibility with DEV to: (A) review customer accounts with DEV; (B) address credit issues with DEV's customers; and (C) address issues concerning customers that file for bankruptcy protection, including requests for adequate assurance of

payment.

6. DEV's relationship with the Debtors is governed by tariffs (the "DEV Tariffs") that are on file with the State Corporation Commission of Virginia and can be obtained at: <https://www.dom.com/business/dominion-virginia-power/rates/business-rates-schedules>

7. The DEV Tariffs establish: (a) the amount of security that DEV is entitled to seek from its customers under applicable state law; (b) that DEV must bill the Debtors monthly; and (c) the billing and payment terms for all of DEV's customers. Specifically, under the billing cycle established by the DEV Tariffs, a customer receives approximately one month of utility goods and/or services before DEV issues a bill for such charges, which is due on presentation. If payment is not made within 30 days of the invoice date, a late payment charge at the rate of 1.5% percent per monthly billing period is applied to the account. Service may be terminated upon a customer's failure to pay a bill for utility service, but not until DEV has provided the customer with written notice that is mailed to the customer using the mailing address on file, and ten (10) days to cure the payment default. Accordingly, a customer's account will not be terminated for non-payment of bills until at least ten (10) days after the notice was mailed.

8. As of the Petition Date, the Debtors owed DEV \$260,666.42 for billed and unbilled charges.

9. DEV provided the Debtors with utility goods and services prior to the Petition Date and continues to provide post-petition utility goods and services to the Debtors' accounts that are listed on the chart attached to this Declaration as **Exhibit "A."**

10. Pursuant to the DEV Tariffs, DEV is entitled to seek adequate assurance of payment from the Debtors in the form of a two-month cash deposit in the amount of \$306,496.00, which is

the amount DEV is seeking from the Debtors in these cases for the [insert number] post-petition accounts that the Debtors have with DEV.

11. DEV is seeking a two-month deposit in this case because: (1) of the exposure created by its billing cycle.

12. For its non-bankrupt customers, DEV accepts security in the form of cash deposits, letters of credit or surety bonds, all of which are forms of security maintained by DEV.

13. Although DEV does not want its post-petition security to be in the form of money maintained in the Adequate Assurance Account, if the Court were to hold that the security provided to DEV is to be in that form, DEV would ask that the Utility Order be amended to include the following additional provisions to ensure that the money held in the Adequate Assurance Account is sufficient in amount and would be available for payment of unpaid post-petition bills:

A. The amount for DEV be increased to \$306,496.00, which is two times the average monthly bills for the 36 active accounts that the Debtors still have with DEV

B. The portion of the Adequate Assurance Deposit attributable to each Utility Provider shall be returned to the Debtors after the Debtors' payment in full of all postpetition obligations due and owing to the applicable Utility Provider, which the Debtors shall confirm in writing with the applicable Utility Provider.


C. The Debtors agree to pay all postpetition charges of the Utility Providers by the applicable due date of the invoice, which is a due date established in accordance with applicable state laws, regulations and/or tariffs.

D. If the Debtors fail to pay a utility bill when due (including the passage of any cure period), the relevant Utility Provider shall provide notice of such default to the Debtors, and if within five (5) business days of such notice, the bill is not paid, the Utility Provider may file an application with the Court certifying that payment has not been made and requesting the amount due up to an aggregate maximum equal to the Adequate Assurance Deposit allocable to such Utility Provider.

E. Notwithstanding anything in the Motion, the Order or (i) the orders approving the Debtors' use of cash collateral and/or post-petition debtor-in-possession financing facilities (collectively, the "**DIP Orders**"); (ii) the other documentation governing the Debtors' use of cash collateral and postpetition financing facilities; and (iii) the Approved Budget (as defined in the DIP Orders) to the contrary, there shall be no liens on the amounts in the Adequate Assurance Account for the Utility Providers that are higher in priority to the Utility Providers' rights and interests in the amounts contained and allocated in the Adequate Assurance Account for the Utility Providers. Moreover, the amounts contained in the Adequate Assurance Account shall remain available to the Utility Providers for the payment of post-petition charges even if the Debtors cases are converted to cases under Chapter 7 of the Bankruptcy Code.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 1st day of February 2019, at Richmond, Virginia.


Sherry R. Ward

Sears Holding Corporation
18-23538 SDNY
Exhibit "A"

Dominion Energy Virginia

K Mart Corporation

9567 5007 Victory Blvd Yorktown, VA	\$	14,980.00
9728 6364 Springfield Plaza Springfield, VA	\$	9,810.00
1962 1901 N Croatan Hwy Kill Devil Hill, NC	\$	138.00
8370 2712 W Main Street Waynesboro, VA	\$	15,746.00
5482 118 Waller Mill Road Williamsburg, VA	\$	214.00
4645 124 Waller Mill Road Williamsburg, VA	\$	100.00
6545 120 Waller Mill Road L Williamsburg, VA	\$	2,218.00
8736 122 Waller Mill Road A Williamsburg, VA	\$	100.00
9834 122 Waller Mill Road Williamsburg, VA	\$	100.00
5469 122 Waller Mill Road C Williamsburg, VA	\$	326.00
1420 122 Waller Mill Road Williamsburg, VA	\$	486.00

4258 122 Waller Mill Road G Williamsburg, VA	\$	2,200.00
5342 118 Waller Mill Road Williamsburg, VA	\$	13,108.00
1645 2001 S Military Hwy light Chesapeake, VA	\$	298.00
2795 2001 S Military Hwy Chesapeake, VA	\$	22,674.00
6244 2001 S Military Road Pump Chesapeake, VA	\$	100.00
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5944 1901 N Croatan Hwy Kill Devil Hill, NC	\$	18,464.00
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Sears Roebuck and Company		
2286 45065 Old Ox Road Sterling, VA	\$	2,162.00
7503 102 S Witchduck Road Virginia Beach, VA	\$	2,378.00
5001 1531 Rio Rd E Charlottesville, VA	\$	19,492.00
2505 100 Newmarket Square Newport News, VA	\$	25,952.00
7506 Westwood Avenue Richmond, VA	\$	14,554.00
5323 2005 S Military Hwy Chesapeake, VA	\$	4,350.00
7719 21000 Dulles Town Circle Sterling, VA	\$	18,500.00

2502 \$ 6,718.00
300 Newmarket N
Newport News, VA

2503 \$ 22,236.00
Spotsylvania Mall Drive
Fredericksburg, VA

1249 \$ 2,452.00
20990 Dulles Town Circle
Dulles, VA

7502 \$ 17,904.00
10101 Brook Road 600
Glen Allen, VA

5462 \$ 23,360.00
6211 Leesburg Pike
Falls Church, VA

2502 \$ 1,710.00
1400 N Parham Road
Richmond, VA

7501 \$ 26.00
Westwood Avenue
Richmond, VA

5002 \$ 37,566.00
Duke Street/Landmark Cir
Alexandria, VA

5427 \$ 1,690.00
713 Fenway Avenue
Chesapeake, VA

2504 \$ 146.00
12263 Hornsby Lane
Newport News, VA

3335 \$ 1,146.00
5330 S Laburnam Avenue
Richmond, VA 23231

7191 \$ 3,092.00
880 N Military Hwy
Norfolk, VA 23502

Combined Kmart & Sears Total \$ 306,496.00